

## Message Text

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ACTION EB-07

INFO OCT-01 EA-10 ISO-00 /018 W  
----- 071083

R 070845Z MAR 75  
FM AMEMBASSY SEOUL  
TO SECSTATE WASHDC 8724  
INFO USDA FAS WASHDC

UNCLAS SECTION 1 OF 2 SEOUL 1523

USDA FAS FOR COMM EXPORT PROGRAMS (EPD) AND DUDLEY  
WILLIAMS

E.O. 11652: N/A  
TAGS: ETRD, KS  
SUBJ: COTTON CONTRACT PROBLEM

REF: (A) STATE 042282 (B) 044296 (C) SEOUL 1043 (D) STATE  
258539 (E) SEOUL 8092 (F) SEOUL 1106 (G) SEOUL 348

SUMMARY: SWAK IS PREPARING REPORT ON COTTON USANCE CREDIT,  
AS REQUIRED BY CCC. SWAK ADVISES THAT L/C'S HAVE BEEN  
OPENED FOR 4.9 MILLION FROM THE 2ND 50 MILLION CCC CREDIT  
LINE AND THAT L/C'S FOR 42.1 MILLION DOLLARS OF THE 45.9  
MILLION USANCE LINE HAVE BEEN UTILIZED. REPORT HOPEFULLY  
WILL BE READY WEEK OF MARCH 10.

1. LETTER FROM EPB OUTLINED IN PARA 1 OF REF A WILL BE  
FORTHCOMING UPON COMPLETION OF REPORTS NOW UNDER PREPARATION  
BY MILLS. CONTENT OF REF A HAS BEEN SENT TO MILLS BY  
SWAK AND MILL REPORT WILL COVER STATUS L/C OPENINGS UNDER  
SHIPPERS USANCE AS OF MARCH 3, 1975. MILLS HAVE BEEN  
REQUESTED TO FILE REPORT WITH SWAK BY MARCH 8. REPORT WILL  
INCLUDE: (A) DATE L/C OPENED (B) L/C NUMBER (C) NUMBER OF  
BALES (D) VALUE OF BALES BROKEN DOWN INTO COMMODITY VALUE,  
AMOUNT OF INTEREST AND TOTAL VALUE. (E) NAME OF U.S. SHIPPER  
(F) CONTRACT NUMBER (G) DATE OF CONTRACT. IN ADDITION, COPIES  
OF ALL L/C'S FOR USANCE CREDITS WILL BE FURNISHED, AS REQUESTED  
IN PARA 2 OF REF A. COMPOSITE REPORT WILL BE CERTIFIED BY  
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EPB AND FOREWARDED TO USDA WHEN READY.

2. ACCORDING PARA 3 OF REF A, USDA WILL NOT REGISTER SALES BY U.S. SHIPPERS AGAINST 2ND \$50 MILLION CCC CREDIT UNTIL REPORT DESCRIBED IN PARA ONE ABOVE HAS BEEN PROVIDED BY ROKG. ASSUME THIS REFERS TO BALANCE OF 40 MILLION CCC CREDIT AND EXCLUDES DOLLARS 10 MILLION NOTED PARA 3 OF REF D.

3. SWAK IS RECOMMENDING ALLOCATIONS TO MEMBER MILLS OF FIRST 10 MILLION DOLLARS FROM 2ND 50 MILLION CCC CREDIT LINE IF SUCH MILL HAS COMPLETELY UTILIZED ITS SHARE OF 45.9 MILLION USANCE ALLOCATION FIRST PRESENTED IN REF E AND RECENTLY ADJUSTED BY SWAK AS FOLLOWS:

|           |             |           |
|-----------|-------------|-----------|
| KYUNGBANG | \$2,878,000 | NO CHANGE |
| DONGIL    | 3,286,800   | NO CHANGE |
| CHONGBANG | 2,325,242   |           |
| TAIHAN    | 5,766,995   |           |
| CHOONGNAM | 5,414,000   |           |
| DAINONG   | 13,272,400  | NO CHANGE |
| PUNGHAN   | 2,369,200   |           |
| ILSHIN    | 2,520,800   | NO CHANGE |
| PANGNIM   | - DELETE -  |           |
| SAMHWA    | 2,397,200   |           |
| HANIL     | 2,166,000   |           |
| KUKJE     | 1,486,695   |           |
| YOUNGHWA  | 1,333,334   |           |
| YOUNGNAM  | 683,333     |           |

TOTAL \$45,900,000

4. SWAK HAS ADOPTED A PROCEDURE OF RECOMMENDING UP TO 60 PERCENT OF AMOUNT ALLOCATED TO INDIVIDUAL MILLS AS SHOWN PARAGRAPH 1 OF REF F ON FIRST COME, FIRST SERVED BASIS, PROVIDED MILLS HAVE USED THEIR SHARE OF 45.9 MILLION USANCE FUND. AS OF MARCH 7, USE 6.9 MILLION DOLLARS AGSINST THE FIRST 10 MILLION DOLLARS TRANCHE OF 2ND 50 MILLION DOLLARS CCC CREDIT STOOD AS FOLLOWS: (THE 4.9 MILLION DOLLARS IN L/CS COVERED 13,000 BALES OF COTTON)

VALUE RECOMMENDED

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| MILL      | BY SWAK   | VALUE L/C'S OPENED |
|-----------|-----------|--------------------|
| KYUNGBANG | -         | -                  |
| DONGIL    | -         | -                  |
| CHUNBANG  | -         | -                  |
| TAIHAN    | -         | -                  |
| CHUNGNAM  | 3,873,141 | 2,386,713          |
| DAINONG   | -         | -                  |
| PUNGHAN   | 677,274   | 677,274            |

|         |           |           |
|---------|-----------|-----------|
| ILSHIN  | 591,385   | 591,386   |
| PANGLIM | 516,780   | -         |
| SAMHWA  | 1,219,456 | 1,219,455 |
| HANIL   | -         | -         |
| KUKJI   | -         | -         |
| YUNGHWA | 56,149    | 56,149    |
| TOTAL   | NOERNQIT  | 4,930,979 |

5. SWAK HAS UPDATED INFO IN PARA 4 OF REF G. FOLLOWING IS STATUS OVERDUE CONTRACTS AS OF MARCH 5, 1975. TABLE BELOW ANSWERS QUESTION RAISED IN PARA 4 OF REF B. QUANTITY IN 1000 BALES, VALUE IN MILLION DOLLARS.

|       | CONTRACTED | L/C OPENED | PAST DUE                 |
|-------|------------|------------|--------------------------|
| MONTH | BALES      | VALUE      | BALES VALUE              |
| 1/74  | 109.8      | 21.9       | 109.8 21.5 NIL 0.4       |
| 2     | 75.6       | 17.7       | 114.7 27.7 -39.1# -10.1# |
| 3     | 40.5       | 10.6       | 18.2 4.2 22.3 6.5        |
| 4     | 30.5       | 7.6        | 13.5 3.2 17.0 4.4        |
| 5     | 31.7       | 8.5        | 9.6 1.9 22.0 7.5         |
| 6     | 83.2       | 26.3       | 101.5 31.8 -18.3# -5.5#  |
| 7     | 22.3       | 6.4        | 3.4 1.2 18.9 5.2         |
| 8     | 14.6       | 7.3        | 6.3 1.9 8.3 2.3          |
| 9     | 13.2       | 3.8        | 5.7 2.0 7.4 1.8          |
| 10    | 101.2      | 33.1       | 18.8 5.2 82.3 27.9       |
| 11    | 66.6       | 20.6       | 54.6 17.2 11.8 3.3       |
| 12    | 114.6      | 35.1       | 71.4 21.9 43.2 13.1      |

CY74 703.8 195.9 527.7 139.8 175.8 55.9

TOTAL

CONTRACTS EXTENDED TO 1975---81.8 -27.9

CONTRACTS OVERDUE AS OF DEC 31 94.0 28.0

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1974

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ACTION EB-07

INFO OCT-01 EA-10 ISO-00 /018 W  
----- 071448

R 070845Z MAR 75  
FM AMEMBASSY SEOUL  
TO SECSTATE WASHDC 8725  
INFO USDA FAS WASHDC

UNCLAS FINAL SECTION OF 2 SEOUL 1523

USDA FAS FOR COMM EXPORT PROGRAMS (EPD) IAND DUDLEY  
WILLIAMS

E.O. 11652: N/A  
TAGS: ETRD, KS  
SUBJ: COTTON CONTRACT PROBLEM

|      |         |         |       |      |       |      |
|------|---------|---------|-------|------|-------|------|
| 1/75 | 199.9   | 60.2    | 79.0  | 21.1 | 120.9 | 39.1 |
| 2    | 54.3    | 16.5    | 48.8  | 13.3 | 5.5   | 3.2  |
| 3    | 125.8   | 35.0    | 1.0   | 0.3  | -     | -    |
| 4    | 30.6    | 9.3     | 0.6   | 0.1  | -     | -    |
| 5    | 42.3    | 11.8    | -     | -    | -     | -    |
| 6    | 34.4    | 11.3    | -     | -    | -     | -    |
| 7    | 15.4    | 5.3     | -     | -    | -     | -    |
| 8    | 14.3    | 4.6     | -     | -    | -     | -    |
| 9    | 5.1     | 1.4     | -     | -    | -     | -    |
| 10   | (103.7) | ON CALL | -     | -    | -     | -    |
| 11   | 8.0     | 2.7     | -     | -    | -     | -    |
| 12   | 43.0    | 3.3     | -     | -    | -     | -    |
|      | 573.1   | 161.4   | 129.4 | 34.8 | 211.5 | 70.3 |
|      | (676.8) |         |       |      |       |      |

#NOTE: CARRYOVER DECEMBER 31, 1974

6. BY MARCH 15 SWAK EXPECTS TO RECEIVE COMPLETE STATUS  
REPORT FROM MEMBER MILLS ON 1ST 50 MILLION CCC CREDIT.  
SWAK WILL FOREWARD TO USDA COMPREHENSIVE BREAKDOWN  
VIA OFFICE AGATT AND CABLE TO CCC ANY CHANGE ADVISE ON GSM  
REGISTRATIONS.  
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7. WE HAVE JUST BEEN ADVISED THAT SWAK HAS MADE APPLICATION  
TO ROKG FOR APPROVAL OF A 50 MILLION DOLLAR 12 MONTHS USANCE  
CREDIT LINE TO BE USED TO FINANCE COTTON IMPORTS FOR USE IN  
MANUFACTURE COTTON PRODUCTS FOR DOMESTIC USE. THIS IS NOT  
TO BE CONFUSED WITH THE 45.9 MILLION SHIPPERS USANCE OR THE  
TWO CCC 50 MILLION DOLLAR CREDIT LINES. APPROVAL EXPECTED

BY END MARCH. ALLOCATION BY SWAK MEMBER MILLS ARE AS FOLLOWS:

| DOLLARS   |            |
|-----------|------------|
| KYUNGBANG | 3,014,880  |
| DONGIL    | 3,963,840  |
| CHONBANG  | 5,223,600  |
| DAIHAN    | 5,763,600  |
| CHOONGNAM | 4,326,720  |
| DAINONG   | 12,508,320 |
| PUNGHAN   | 2,470,560  |
| ILSHIN    | 3,027,840  |
| PANGRIM I | 4,274,880  |
| SAMHWA    | 1,567,200  |
| HANIL     | 1,858,560  |
| KUKJE     | 666,667    |
| YOUNGHWHA | 666,667    |
| YOUNGNAM  | 666,666    |
|           | 50,000,000 |

THIS CREDIT WILL FINANCE AN ESTIMATED 150,000 BALES.  
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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** COTTON, CREDIT, CONTRACTS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 07 MAR 1975  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** n/a  
**Disposition Approved on Date:**  
**Disposition Authority:** n/a  
**Disposition Case Number:** n/a  
**Disposition Comment:**  
**Disposition Date:** 01 JAN 1960  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1975SEOUL01523  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** D750080-0786  
**From:** SEOUL  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1975/newtext/t19750371/aaaacmht.tel  
**Line Count:** 244  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION EB  
**Original Classification:** UNCLASSIFIED  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 5  
**Previous Channel Indicators:** n/a  
**Previous Classification:** n/a  
**Previous Handling Restrictions:** n/a  
**Reference:** 75 STATE 042282, 75 044296, 75 SEOUL 1043  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** CollinP0  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 30 MAY 2003  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <30 MAY 2003 by RuthemTJ>; APPROVED <26 FEB 2004 by CollinP0>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
05 JUL 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** COTTON CONTRACT PROBLEM  
**TAGS:** ETRD, KS  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006